

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04  
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 OMB-01 SAJ-01 IO-13 EB-08 SNM-02 DEAE-00  
TRSE-00 JUSE-00 AGRE-00 /102 W  
-----221127 127997 /12

R 221000Z FEB 77

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3066

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMCONSUL MANDALAY

AMEMBASSY BANGKOK

DEA BANGKOK

AMEMBASSY BELGRADE

AMCONSUL CHIANG MAI

AMEMBASSY KATHMANDU

AMEMBASSY NEW DELHI

AMEMBASSY DACCA

AMEMBASSY VIENTIANE

USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 RANGOON 0528

E.O. 11652: GDS

TAGS: PINT, PINS, SNAR, EAID, YO, BM

SUBJ: JOINT WEEKA WHUN FEBRUARY 15-22

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1. THIRD PARTY CONGRESS OPENS (CONF)

THE THIRD CONGRESS OF THE BURMA SOCIALIST PROGRAMME

PARTY OPENED FEBRUARY 21, WITH 1112 DELEGATES ATTENDING.

IT IS REPORTEDLY SCHEDULED TO LAST FOR 10 DAYS, AND IT IS OCCUPYING THE FULL TIME AND ATTENTION OF VIRTUALLY ALL OF THE COUNTRY'S SENIOR LEADERSHIP. PRESS COVERAGE OF THE PREPARATORY MEETINGS HAS BEEN EFFUSIVE (THOUGH NOT VERY INFORMATIVE), AND EDITORIALS HAVE HAILED THE CONGRESS AS A "TURNING POINT" AND "A VERITABLE MILESTONE IN OUR NATION'S HISTORY."

COMMENT: THE ANNOUNCED PURPOSE OF THE CONGRESS IS "TO ARREST THE DETERIORATION OF CONDITIONS IN THE POLITICAL, SOCIAL, AND ECONOMIC FIELDS," AND POPULAR HOPES FOR REFORM HAVE BEEN RAISED CONSIDERABLY. AT A MINIMUM, THERE WILL BE IMPORTANT LEADERSHIP CHANGES (ITEM 3 BELOW). HOWEVER, IT APPEARS VERY UNLIKELY THAT THERE WILL BE ANY DRAMATIC SHIFTS TOWARD MORE PRAGMATIC ECONOMIC POLICIES, AND THE GUB APPARENTLY BELIEVES IT IS MAKING SATISFACTORY ECONOMIC PROGRESS UNDER CURRENT POLICIES (ITEM 2 BELOW).

2.

UB SATISFIED WITH ECONOMIC PROGRESS (CONF)

THE DEPUTY MINISTER OF PLANNING HAS BEEN BRIEFING REPRESENTATIVES OF THE BURMA CONSULTATIVE GROUP COUNTRIES ON DEVELOPMENTS SINCE THE NOVEMBER MEETING IN TOKYO.

HE TOLD

THE AMBASSADOR THAT LEGISLATION WILL PROBABLY BE PASSED AT THE MARCH PYITHU HLUTTAW (ASSEMBLY) SESSION TO PERMIT PRIVATE PRODUCERS TO IMPORT SPARE PARTS AND RAW MATERIALS AND TO GET GOVERNMENT LOANS, AS WELL AS TO FACILITATE PRIVATE INVESTMENT IN PRODUCERS COOPERATIVES. LEGISLATION  
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TION IS ALSO BEING DRAFTED TO GENERATE MORE REVENUE FROM CUSTOMS AND LAND TAXES, BUT THIS MAY NOT BE READY FOR THE COMING SESSION. MEANWHILE, PROGRESS CONTINUES IN IMPROVING PRODUCTIVITY AS EVIDENCED BY COMMODITY TAX RECEIPTS AND PROJECTED EXPORT EARNINGS. GUB FEELS U.S. AID TO ACCELERATE THIS PROGRESS IS WARRANTED, AND URGES U.S. TO PROVIDE AT LEAST COMMODITY LOANS. THE DEPUTY MINISTER OF FINANCE SEES NO REAL NEED FOR FURTHER REFORMS, EITHER TO STIMULATE THE PRIVATE SECTOR OR TO PROMOTE FOREIGN INVESTMENT, AND DOUBTS THAT ANY WILL COME OUT OF THE CURRENT PARTY CONGRESS. HE SAID THAT THE GUB PLANS TO CALL A MEETING OF CONSULTATIVE GROUP COUNTRIES' AMBASSADORS IN RANGOON AT THE END OF MARCH.

3. CENTRAL COMMITTEE PURGE ANNOUNCED (CONF)

IN A LENGTHY SPEECH TO THE BSPP CENTRAL COMMITTEE MEETING HELD FEBRUARY 17-18 IN PREPARATION FOR THE THIRD PARTY CONGRESS, PARTY GENERAL SECRETARY GENERAL SAN YU NOTED THAT THE OCTOBER 1976 EXTRAORDINARY PARTY CONGRESS DECIDED ON A FORMULA TO GOVERN ELECTION OF A NEW CENTRAL COMMITTEE.

HE POINTED OUT THAT APPLICATION OF THE FORMULA MEANS THAT  
162 OF THE PRESENT CENTRAL COMMITTEE MEMBERS WILL ELIGIBLE  
FOR RE-ELECTION AND 41 MUST RETIRE.

GENERAL SAN YU EMPHASIZED THAT THE PURPOSES OF THE  
FORCED RETIREMENTS ARE TO STRENGTHEN PARTY LEADERSHIP BY  
LURING IN NEW BLOOD, AND TO ELIMINATE MEMBERS WHO "WERE  
WEAK IN TAKING THE MIDDLE PATH" (I.E. DEVIATED TOO FAR TO  
THE LEFT OR RIGHT), AND WHO BECAME TOO "IMMERSED IN THEIR  
PRACTICAL WORK, SLOWLY DRIFTING AWAY FROM PARTY LEADERSHIP."

COMMENT: ACCORDING TO RELIABLE SOURCES, THE 41 CENTRAL  
COMMITTEE MEMBERS TO BE PURGED INCLUDE PRIME MINISTER U SEIN  
WIN, DEPUTY PRIME MINISTER AND MINISTER FOR PLANNING AND  
FINANCE U LWIN, AND A NUMBER OF OTHER CABINET AND COUNCIL  
OF STATE MEMBERS. U SEIN WIN AND U LWIN HAVE BEEN CON-  
SIDERED TO BE THE CHIEFS OF THE "PRAGMATIST" GROUP WITHIN  
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THE TOP LEADERSHIP, WHICH HAS BEEN NUDGING BURMA TOWARD  
MORE RATIONAL ECONOMIC POLICIES. WHILE IT WAS NOT CLEAR  
FROM GENERAL SAN YU'S SPEECH WHETHER THOSE PURGED FROM  
THE CENTRAL COMMITTEE ARE ALSO TO LOSE THEIR GOVERNMENT  
JOBS, THIS SEEMS PROBABLE FROM THE CONTEXT OF HIS REMARKS  
AS WELL AS PAST PRECEDENT. THE DISMISSAL OF U SEIN WIN

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AND U LWIN, IF CONFIRMED, WOULD NOT NECESSARILY MEAN THAT THEIR POLICIES WOULD BE REPUDIATED AND A SHIFT BACK TO MORE RIGID SOCIALIST DOGMA WOULD ENSUE. HOWEVER THIS IS A VERY DISTINCT POSSIBILITY. AT A MINIMUM, THOSE IN THE WORLD BANK AND IN SOME FRIENDLY WESTERN EMBASSIES HERE WHO HAVE BEEN BASING MUCH OF THEIR HOPEFULNESS ABOUT BURMA'S ECONOMIC FUTURE ON U SEIN WIN AND U LWIN WILL HAVE TO REASSESS THEIR POSITIONS. HOWEVER, WE BELIEVE IT IS TOO EARLY TO REACH CONCLUSIONS ABOUT THE SIGNIFICANCE OF THE PURGE, PENDING FURTHER INFORMATION ON THE RESULTS OF THE CONGRESS AND ON THE REPLACEMENTS FOR  
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THOSE PURGED.

4. SIGNIFICANT BURMESE MILITARY VICTORIES REPORTED (LOU)  
THE BURMESE PRESS REPORTED ON 15 AND 16 FEBRUARY THAT THE BURMA ARMY HAD INFLICTED HEAVY CASUALTIES ON BCP AND KNU FORCES IN SEPARATE BATTLES FOUGHT IN EARLY FEBRUARY. INSURGENT LOSSES WERE PLACED AT MORE THAN 176 KILLED AND 234 WOUNDED IN THE TWO BATTLES, BOTH OF WHICH COMMENCED ON 5 FEBRUARY, THE DATE OF ARRIVAL OF MADAME TENG YING CHAO. BURMA ARMY CASUALTIES WERE REPORTED AS 18 KILLED AND 102 WOUNDED IN BOTH BATTLES. THE MOST SIGNIFICANT BATTLE WAS FOUGHT 5-8 FEBRUARY AGAINST THE BCP IN THEIR OWN TERRITORY NORTH OF MONG YANG IN THE EASTERN SHAN STATE (MORE THAN 120 BCP KILLED INCLUDING 74 "CAPTURED DEAD" AND 150 WOUNDED), USING PRINCIPAL ELEMENTS OF TWO BATTALIONS SUPPORTED BY "HEAVY GUNS" AND AIR SUPPORT. THE SECOND BATTLE WAS FOUGHT 5-12 FEBRUARY BY ELEMENTS OF TWO BATTALIONS AGAINST A FORCE OF ABOUT 500 KNU REBELS IN THE FOOTHILLS NORTHEAST OF MOULMEIN IN THAUKAREN STATE (MORE THAN 56 KNU KILLED AND 84 WOUNDED). ALTHOUGH IN BOTH BATTLES THE INSURGENTS WERE REPORTED TO HAVE RETREATED AND IN THE CASE OF THE KAREN STATE BATTLE "IN DISORDER," NO EQUIPMENT, ARMS OR PERSONNEL WERE REPORTED CAPTURED BY THE BURMA ARMY IN EITHER BATTLE.

COMMENT: ALTHOUGH SOME SKEPTICISM EXISTS AS TO THE ACCURACY OF RESULTS REPORTED, THE CLAIMED CASUALTIES PLACE THESE BATTLES AMONG THE MOST IMPORTANT MILITARY VICTORIES IN RECENT MONTHS.

5. POPPY DESTRUCTION CAMPAIGN FIGURES ANNOUNCED (CONF)  
AS REPORTED BY SEPARATE TELEGRAM, THE GUB HAS ANNOUNCED THAT 2,699 ACRES OF ILLICIT POPPY HAVE BEEN DESTROYED DURING THE CURRENT CAMPAIGN. ALTHOUGH THE FIGURE IS FAR BELOW THAT OF LAST YEAR, ESTIMATED AT 18,000 ACRES, GUB OFFICIALS HAVE EMPHASIZED THAT THE AREA ENCOMPASSED BY THE POPPY DESTRUCTION OPERATIONS HAS INCREASED FROM 25 TOWNSHIPS LAST YEAR TO 38  
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TOWNSHIPS THIS YEAR.

COMMENT: THAT THE AREA OF OPERATIONS HAS EXPANDED WHILE THE TOTAL ACREAGE DESTROYED HAS FALLEN SHOULD NOT COME AS A SURPRISE. AS PEOPLE'S POLICE FORCE DIRECTOR GENERAL U SHWE THAN TOLD US, HE EXPECTED THAT THE NUMBER OF ACRES DESTROYED THIS YEAR WOULD DECLINE SINCE THE POPPY FARMERS IN ACCESSIBLE AREAS HAVE BOTH REDUCED THE ACREAGE PLANTED TO POPPY AND HAVE ALSO MOVED THEIR POPPY PLOTS TO REMOTE AREAS IN EXPECTATION OF POPPY DESTRUCTION OPERATIONS. WE EXPECT THE TOTAL AMOUNT OF ACRES DESTROYED WILL EXCEED THE CURRENT ANNOUNCED FIGURE SINCE POPPY DESTRUCTION OPERATIONS ARE STILL UNDERWAY.

6. HEROIN SEIZURES MADE (UNC)  
THE LOCAL PRESS RECENTLY CARRIED SEVERAL ACCOUNTS OF LARGE HEROIN SEIZURES. THE MOST SIGNIFICANT WAS THE SEIZURE ON FEBRUARY 14 OF SIX KILOGRAMS IN MANDALAY. ONE PERSON WAS ARRESTED. IN OTHER ACTIONS, APPROXIMATELY 500 GRAMS OF HEROIN WERE SEIZED IN KENG TUNG (WITH ONE ARREST) AND 160 GRAMS WERE SEIZED IN RANGOON (ONE PERSON WAS ARRESTED).

7. YUGOSLAV LOAN FOR BURMA (LOU)  
ON FEBRUARY 11 YUGOSLAVIA AGREED TO EXTEND BURMA A \$20 MILLION LOAN, BEARING 6.5 PERCENT INTEREST, FOR POWER TRANSMISSION LINES AND RELATED EQUIPMENT. THE MATERIAL WILL BE DELIVERED OVER AN EIGHT-YEAR PERIOD BEGINNING THIS YEAR.

8. WEEKA TIMING TO CHANGE (UNC)  
IN VIEW OF DISCUSSIONS HERE WITH EA/TB DIRECTOR HELBLE, WE ARE CHANGING THE TIMING FOR COMPLETION OF OUR WEEKA FROM TUESDAYS TO FRIDAYS, SO THAT THE CABLE WILL BE IN THE DEPARTMENT BY MONDAY MORNING. THE DATE OF THE NEXT WEEKA WILL BE MARCH 4.  
OSBORN

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## Message Attributes

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